



NATIONAL SCIENCE FOUNDATION

AGENCY: National Science Foundation.

Notice and Request for Comments on the National Science Foundation (NSF) Implementation of Proposed NSF Management Fee Policy

ACTION: Notice and Request for Comments on the National Science Foundation (NSF) Implementation of Proposed NSF Management Fee Policy

SUMMARY: The payment of a small but appropriate management fee has been a long standing practice at the National Science Foundation (NSF) in limited circumstances related to the construction and operation of major facility projects. NSF is strengthening both the criteria used to establish such management fees and the controls that may be necessary to ensure that uses of fees are consistent with those established criteria. These efforts have resulted in a revised policy that we are providing here for public comment.

DATES: Comments on the proposed NSF Management Fee are welcome before [INSERT DATE 45 DAYS AFTER PUBLICATION IN THE FEDERAL REGISTER]. Comments will be useful in shaping the agency's implementation. All comments received before the close of the

comment period will be available for public inspection, including any personally identifiable or confidential business information that is included. Because they will be made public, comments should not include any sensitive information. Please send written comments regarding the management fee policy to Suzanne Plimpton, Reports Clearance Officer, National Science Foundation, 4201 Wilson Blvd., Rm. 1265, Arlington, VA 22230, or by e-mail to splimpto@nsf.gov.

FOR FURTHER INFORMATION CONTACT: Suzanne Plimpton on (703) 292-7556 or send e-mail to splimpto@nsf.gov. Individuals who use a telecommunications device for the deaf (TDD) may call the Federal Information Relay Service (FIRS) at 1-800-877-8339, which is accessible 24 hours a day, 7 days a week, 365 days a year (including federal holidays).

SUPPLEMENTARY INFORMATION:

The following proposed NSF Management Fee Policy can be found in the NSF Large Facilities Manual:

Section 4.2.2.2 Management Fee

Management fee is an amount of money paid to a recipient in excess of a cooperative agreement's or cooperative support agreement's allowable costs. Generally, NSF does not pay profit or fee to organizations under financial assistance, except for the specific exception of profits to commercial organizations performing Small Business Innovation Research (SBIR) or Small

Business Technology Transfer (STTR) work. However, a management fee may be authorized for awards to non-profit organizations in the limited circumstance of construction or operation of a large facility under an NSF assistance award when the organization has limited or no other financial resources to cover certain ordinary and necessary business expenses that may not be reimbursable under the governing cost principles. When requested and justified by an awardee and subsequently authorized by NSF, management fee will be paid once negotiated by the NSF Grants and Agreements Officer. Any amount negotiated shall be expressly set forth in the terms and conditions of the award.

NSF recognizes the following criteria for the negotiation and award of management fee:

- Working capital necessary to fund operations under an award
- Facilities capital necessary to acquire assets for performance
- Amounts for other expenses that are ordinary and necessary for business operations but that are not otherwise reimbursable under the governing cost principles

Amounts for working capital may be necessary to ensure a level of retained earnings available to the organization in order to secure credit and borrowing to assure the financial health of

the organization. An amount for facilities capital may be necessary to allow the organization to acquire major assets and to address expenses that require immediate substantive financial outlays but that are only reimbursed through depreciation or amortization over a period of years. Amounts for other expenses that are ordinary and necessary but not otherwise reimbursable can provide a reasonable allowance for management initiative and investments that will directly or indirectly benefit NSF.

Examples of potential appropriate needs include contract terminations and losses, certain appropriate educational and public outreach activities, and providing financial incentives to obtain and retain high caliber staff. Amounts for this criterion warrant careful consideration of the benefits that may be obtained by NSF when providing management fee. Although not an exhaustive list, the following are examples of expenses that do not benefit NSF:

- Alcoholic beverages
- Tickets to concerts, sporting and other events
- Vacation or other travel for non-business purposes
- Charitable contributions
- Social or sporting club memberships
- Meals for non-business purposes or so extravagant as to constitute entertainment

- Luxury or personal items
- Lobbying as set forth in the Uniform Guidance at 2 CFR §200.450

Costs that are otherwise reimbursable as described in the Uniform Guidance at Subpart E should not be included as part of the management fee negotiation.

The fee proposal must provide sufficient visibility into each criterion to identify its intended purpose. The proposal must also include a schedule of all federal, non-federal, and other sources of income to justify that alternate sources of income are not available to address potential needs covered in the proposal. Agreement on management fee amounts shall be completed and a sum certain established prior to the initiation of work under an award or any subsequent period not authorized as part of the initial award. Recipients may draw down management fee in proportion to costs incurred during the performance period. Fee established for a period longer than one year shall be subject to adjustment in the event of a significant change to the budget or work scope.

Even though management fee represents an amount in excess of cost and therefore not subject to application of the cost principles set forth at 2 CFR 200, Subpart E, NSF maintains a strong interest in how those monies are used. Information on

actual uses of management fee previously awarded by NSF in the preceding five-year period under any award shall be included in the proposing organization's fee proposal. For incumbent awardees, fee proposals submitted in response to a NSF program solicitation shall include information regarding their management fee usage under the preceding award(s). NSF will examine the extent to which awardee fee proposals have proven reliable when compared with actual uses of management fee. NSF will also perform periodic reviews of management fee usage under an award. Repeated, unexplained failure to reasonably adhere to planned uses of fee will result in reduction of future management fee amounts under the award.

Dated: December 19, 2014.

Suzanne H. Plimpton,
Reports Clearance Officer,
National Science Foundation.

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